# TIMBER GRAFT WAS RAISED BY "GROSS EXTORTION." AND FLEMMING IS GUILTY IN THE RAILROAD CASE

## DRASTIC REPORT ON THE DUGAL CHARGES

### Royal Commission Uses Strong Language in Both Timber Graft and **Railway Matters**

Flemming Guilty of Compelling Contractor Kennedy to Fork Over \$2,000, and He "Set Seal of His Approval" on Crown Land Blackmail Which Berry Extorted—Flemming "Not Guilty" of "Directing" Berry to Extort—Money "Diverted" in Connection With Valley Road Less Than Charged, But Many Irregularities-McLeod Not Guilty—Full Report of Sweeping Findings on Royal Commission's Report Both Sets of Dugal Charges.

The report of the Royal Commission which investigated the Dugal charges was made public last evening by Governor Wood, and is published herewith. It is in two sections, the first dealing with the extortion of money from the holders of Crown Lands, and the second lealing with the charges in connection with the Valley Railway.

Taken together these reports are absolutely crushing in nature Their appearance must presage a revolution in the affairs of New Brunswick, for an examination of both documents proves that they are the most important ever placed on the public records of this

Briefly the Royal Commission finds, in regard to the

TORTION

IS THE T THE MONEY WAS ACTUALLY EXTORTED."

As to the nature of the transaction, the Royal Commissioners say "It is difficult to imagine anything more reprehensible or blame worthy than that an official of the department interested should present such a demand.... To those dependent upon the renewal of their timber licenses it is not only an extortion of the most effective nature but it appears the more harsh and cruel inasmuch as it is proluced by one to whom it is unsafe to make protest and for a purpo

The Commission does not find evidence actually to prove that mming personally directed the extertion, but it says:

That Flemming named the treasurer of the fund, Teed of Wood-

That Flemming knew efforts were being made to get money from the holders of Crown timber licenses.

That Flemming knew from time to time that such moneys were

coming into Teed's hands. THAT FLEMMING "SET HIS SEAL OF APPROVAL ON THE

TRANSLACTION BY INTRODUCING HIS CHOSEN TREASURED TO MR. BRANKLEY WITH THE WORDS: 'ANYTHING MR BERZY TELLS YOU ABOUT THIS MAN (TEED) WILL BE ALL

That it is fully proved that the money was in fact extorted by Berry, and that Flemming "WAS WELL AWARE THAT MONEY WERE BEING COLLECTED FOR A PURPOSE UNQUESTION ABLY IMPROPER." This the Commissioners say is amply

Also the Commission says it is manifest that Flemming "directed the disposition of such money when collected, also THAT "HE AQUIESCED IN THE COLLECTION OF SUCH MONEYS AT A TIME AND FROM A SOURCE HIGHLY AND GRIEVIOUSLY IM-

view that Flemming could not possibly be in ignorance of Berry's activities and of the methods he employed, the Commission does not find such sufficiency of proof as would justify it in declaring that the personal direction of the extortion by Flemming was actually established.

Such is the gist of the report on the timber charges, which is given in extended form below.

### THE RAILWAY CHARGES.

The charges of Mr. Dugal in connection with the Valley Railway were, in the main, two: that a large amount of money into for the construction of the railway was diverted from its p channel, and that contractors under the St. John & Quebec Ra of the local government in the year 1912.

The Royal Commission finds that some sums of money were diverted, and improperly charged, that many indefensible payments

And that Flemming compelled Contractor Kennedy of Kennedy

& McDonald to pay him \$2,000, In regard to the \$2,000 which Flemming got from Contractor

Kennedy, the Commissioners say:

of compulsion which has been charged against him."

The report says also, on this head:

"What might rightly be considered compulsion under one set of circumstances might by no means constitute or give rise to it under other circumstances, and therefore it it is that while there was no threat or menace in the conversation (between Flemming and Kennedy) we have NO HESITATION IN CONCLUDING THAT THE COMPULSION UNDOUBTEDLY EXISTED, TAKING ITS RISE PRIMARILY FROM THE FACT THAT MR. FLEMMING WAS PREMIER OF THE PROVINCE AND MR. KENNEDY WAS A CONTRACTOR IN THE BUILDING OF THIS WORK IN QUES-

contract in making the payment is dismissed by the commissioners as not necessary to prove compulsion. Rather, they state further:

"The compulsion, which accompanied the act, did not take its rise from any fear of disappointment with reference to a second contract, nor was the money given with a view of securing it, but it was caused by the very position held by Mr. Flemming and possibly also from an apprehension as to the contingency which might attach to the performance of the existing contract in case of refusal to pay."

In other words the Premier of New Brunswick "shook down" the contractor for \$2,000.

tractors, swore another way in regard to the payments to McLeod, commissioners find that they cannot say, as against Mr. McLeod's ial that the charge has been proved, and therefore they find Mr.

THE COMMISSION FINDS THAT \$100,000 OF THE \$350,000 ORROWED BY GOULD AND HIS ASSOCIATES FROM THE PRUDENTIAL TRUST COMPANY DID NOT GO INTO THE RAIL.
WAY and must not be charged against the bonds. They refer to \$107,000 of other charges as improper.

in any way.

It finds that the ten per cent which the construction company was getting from the railway company was an improper transaction.

It is found improper that one Gould company should make a profit out of another Gould company and that the profit should come out of the Province of New Brunswick.

Payments such as \$1,000 to the Fredericton Gleaner and \$3,000 to Winslow are stamped by the Commission as without justification or excuse. Many preliminary fees to solicitors are also condemned.

The Commission's views on "diversion" of funds are somewhat technical and required careful reading. While the Commission finds \$107,000—much less than Mr. Dugal alleged—not properly charged to construction, it does not support his principal charge of diversion.

## On the Timber Charges

The royal commission's report on the timber charges begins with a recital made by Mr. Dugal

artment for the year ending October 31, 1913, which said amounts were unawfully extorted amounting in the whole to the sum of about \$100,000, no portion of which sum was accounted for or paid into the revenues of this prov-

Then the commissioners recite that they were authorized to investige charges and report whether they find Flemming guilty of directing the eard if the moneys were so extorted with Flemming's knowledge and con ler his direction, and received by Berry, then what disp ake of the funds and what was their ultimate de

port produce from the statutes the Flemming Timber Act—"An act respecting the Crown Timber Lands of the Province." This act, with which the public is ar, provided for the system of bonuses by those holders who desire to re-heir lands, and the division of the crown lands into the various classes ginning with the bonus of \$100 a square mile for class A and running down \$20 a mile for class D.

Having recited this act of the legislature, the report proceeds to relate that wn land policy from 1898 down to the present time, pointing out that the es were to expire in 1918 and showing how this policy was altered by the mming Timber Act. The report then proceeds as follows:
"By the provisions of Section 3 of said so mentioned act, the lieutenant

"By the provisions of Section 3 of said so mentioned act, the lieutenant ernor-in-council was to determine, prior to the first day of July, 1913, the bunt of bonus to be paid by the said lessees per square mile for the privilege getting timber upon the lands held by them, and it was considered that he examination should be made and information obtained for the purpose of siftying the crown land areas held by various licensees with a view of determing the amount of bonus that should be paid by the respective holders thereof, and it appears that William H. Berry (who is the Berry mentioned in said charge) and who was at the time the Hon. Mr. Plenning became surveyor-general, and afterwards, an important official of the department, to wit, chief superintendent of scalers, was charged with the duty of making the examination and securing the information aforesaid, and it is in evidence that the said William H. Berry had called upon most, if not all, of the large holders of crown nd areas, and received from them, as many testified all the information they dtheir woods' foreman and other employes could give with reference to the ation and general conditions of the lands held by them, the character and allity of the lumber on their respective areas, the extent of their production, the facilities for lumber operations upon said lands with reference to stream diving, and the prospects and possibilities for reproduction.

"The said William H. Berry afterwards made a report or statement to Hon.

held by them, dividing their holdings into classes, A. B. C. and D. The statement so submitted gave the number of miles held by each lessee and the class in which each should be placed. Mr. Flemming states in his evidence that after said statement was submitted, and after the discussion of the matter with his olleagues, an order-in-council was made on July 10, 1913, fixing the rate of ses as follows: \$100 for class A: \$75 for class B; \$50 for class C, and \$20 for class D."

The report then reproduces the order-in-council referred to which fixed the sification and specified that the bonus due on August 1, 1918, might be adssification and specified that the bonus due on August 1, 1918, sted by the payment of one-half the amount in cash and the obli licensee to pay the remaining one-half on or before August 1, 1914. The reporthen proceeds as follows:

"The Hon. Mr. Flemming is unable to give the date when the first intir tion was made to him that the formation of a fund for party purposes was in contemplation, but evidently it was after Berry had conferred with the lessees of crown lands for information with reference to the classification of their lands as mentioned above, which would prabably be some time in the latter part of May, 1913. He says that William H. Berry stated to him more than once that the lumbermen, meaning the lessees of crown lands, were desirous of making a contribution to the party's funds, that at first he took no notice of the suggestion but the second or third time it was mentioned by Berry he told him that he (Flemming) could have no connection with a matter of that kind, and that he (Berry) must have no connection with the getting of money for that purpose, because he (Berry) was an official of the department and that his usefulness would be sone if he had received money for the last his usefulness would be sone if he had received money for the had received money for the high received money for the had received money for the high received money for the high received money for the had received money for the high received money for the high received money for the suggestion of the suggestion of the suggestion but pose, because he (Berry) was an official of the department and that his usefulness would be gone if he had received money from the lumbermen, and, if contributions were made, E. R. Teed of Woodstock, would be a proper person to receive the funds in the interest of the party. Flemming said that he spoke to Teed about the matter, told him what Berry had said about the proposed contributions to a party fund from the lumbermen, asked him to take care of said fund, and Teed consented to do so. Mr. Flemming also says in this connection he, did not know or have any hint, knowledge, or information that the contributions were to be other than absolutely voluntary.

which they did in very considerable numbers, to talk over the general provisions of the last mentioned Act, and to make suggestions in regard to it, and to

HOW THE "BAG" WAS FILLED.

s, manager of the Dominion Pulp Company, Wm. B. Snowball, of the J. wball Co., Ltd., Allan Ritchie, Hubert Sinclair, for the Sinclair Lumber y, James Robinson, N. M. Jones, manager of the Edward Partington Pulp & Paper Company, James A. Rundle, and Charles L. Fenderson, that it was desired to raise a campaign fund, and asked them to contribute a sum of ney equal to \$15 per square mile of their holdings of Crown Lands, in ad-to the bonus to be paid by them.

"While some at first demurred, and some asked for time to consider the

matter, the final result was that they paid up in cash, cheques or bank drafts, to J. W. Brankley, general manager of the Miramichi Lumber Company at Chatham, whom Berry had asked to act as treasurer of the fund for a time, and afterwards to pay it over to E. R. Teed, as follows:

	The second second
. P. Burchill	2,000.00
Sathurst Lumber Company	15,000.00
. B. Snowball Co., Ltd	7,200,00
Allan Ritchie	4,500.00
Sinclair Lumber Co	3,000.00
ames Robinson, on own account.	2,167.50
armes Robinson, on account, T. Lynch Estate	1,830.00
ames A. Rundle	832.50
Township Marine X by the flore that the first the second	

gar R. Teed, who was designated by the Hon. Mr. Flen take case of the said fund for party purposes. In addition to the said amounts there was received by the said Teed for the purpose of said party or campaign fund from Frederick C. Beatteay, acting for Stetson Cutler Co., the sum of \$15,-000, and from Nathaniel M. Jones, representing the Partington Pulp & Paper Co., the sum of \$3,250, both companies being at the time lessess of Crown Lands, and both these amounts were paid by the said companies over and above the bonuses paid by them under the said Act 3, George V, Chapter 2. SOME OF BERRY'S PICKINGS.

"The evidence clearly shows that William H. Berry received the sum of \$4,-500 from the Dominion Pulp Company through a bank draft sent by Walter C. Stevens, manager of said company, to John E. Moore, of St. John. Moore endorsed the said draft and Berry got the money for same from the bank; also from the Bathurst Lumber Company through Angus McLean, manager of said company in addition to the above amount of \$15,000, paid by them, the sum of \$5,000; from the Louison Lumber Company through Charles L. Fenderson, manager of said company, the sum of \$2,000, and from Stetson Cutler Co., through Frederick C. Beatteay, the sum of \$5,000, in addition to the said amount of \$15,000 paid by them, all of which moneys the said Berry retained and still retains and has appropriated to his own personal use.

"EXTORTION" DEFINED. ( ) | Same and address.

"Now, as to the moneys so received by Berry as above set out, the first in iry that suggests itself is: Were these moneys extorted by him? "To understand and appreciate just what is involved in the terms 'extort and 'extortion' it is well to say that there is necessarily conveyed by these words the idea that the thing extorted is acquired under compulsion or exaction, as stated in the definition of extortion, given in 12 A. E. Encyclopedia of Law 2nd, Edition, 576, or by reason of the subjection of the giver to some necessity (Standard Dictionary) or is obtained by the party extorting it by virtue of his authority over the person parting with it (Century Dictionary). In Halsbury's Laws, of England, Volume 9, page 665, under the head of Extortion by Threats the author says: They (the menaces) must be of such a nature as to unsettle the mind of the person to whom they are made and take away that element of free voluntary action which long constitutes consent.'

Would appear in the books of Col. Loggle's office that they had only paid \$10,419.15 and \$187,13, stumpage on 5,486 and \$19,15 and \$19,

element of free voluntary action which long constitutes consent."

"In Canadian law it is an offence to do certain things enumerated within the code with intent to extort or obtain anything from any person. Doing such things constitutes the statutory offence of extortion. It is not, however, with the offence so defined by statute that we have here to deal. For the purose of this enquiry, having regard to the definition above referred to, we con-

given by free voluntary action on the part of the donors.

"To decide this question it becomes necessary to pass in review the conversations and negotiations, as well-as to consider the circumstances under which such conversations and negotiations took place and the relationship of the parties affected thereby.

PUTTING IT UP TO THE LUMBERMEN.

"In the conversation with Mr. John P. Burchill in June, 1918, Berry exclained that the bonus had not yet been settled, but he thought it would be in the vicinity of one hundred dollars a mile, and he said it was proposed the lumbermen should put up a fund of fifteen dollars a mile for election purposes. It must be horne in mind that at the time of the conversation bove referred to the lands were not classified, neither was the amount of the onus determined. Mr. Burchill paid his contribution on the 27th day of June,

ns, manager of the Dominion Pulp Company, Mr. Berry said couldn't answer his (Stevens') inquiry as to how much the bonus upon the ulp company's lands would be until he (Berry) had seen Mr. Brankley. Mr. evens further testified that after he had agreed through Mr. Brankley to put up fifteen dollars a mile for a campaign fund, and after informing Berry that he had agreed to Brankley's proposition, Mr. Berry informed him that the classification of the company's lands would be \$75 per mile. On the day following, 27th June, 1913, Mr. Stevens paid Mr. Brankley \$4,500 for the cam-

1913, after a discussion concerning the lands under license to J. B. Snowball Company, Berry said to Mr. Snowball:—There is another thing I want to discuss with you—it is considered an opportune time to raise a fund—it is considered that all you lumbermen should pay \$15 a mile—all the others have agred to it.' Mr. Snowball refused to pay until after discussing the proposal with others engaged in the business, and as a matter of fact did not pay until the 15th day of July, 1918, on which date he handed over his contribution of \$7,200 to Mr. Brankley therein following Berry's instructions in that regard. WOULD HAVE TO "GIVE UP."

"To Angus McLean, manager of the Bathurst Lumber Company, Mr. Berry said that the bonus on the last named company's lands would be \$100 a mile, in addition to that, the company would have to put up \$15 a mile for an outside fund, which witness said he understood to be a campaign fund. The witness paid to the order of Mr. Brankley into the Bank of Montreal, thurst, fifteen thousand dollars between the first and third days of July, 913, as the company's contribution to the fund.

"Mr. Allan Ritchie has testified that in a conversation between himself

nd Berry on or about the 26th day of June, 1918, after discussing the hundred dollars a mile bonus, in the same conversation Berry brought up the matter of the campaign fund of \$15 a mile. Mr. Ritchie paid the levy on three hundred

miles, amounting to \$4,500, to Mr. Brankley on the following day.

"After telling Mr. Hubert Sinclair that the bonus had been fixed at one undred dollars a mile for Class A, and that about all the Miramichi lumbermen were in Class A, Mr. Berry went on to say that they wanted a campai an fund and thought the friends of the government should donate about fifth dollars a mile. This conversation took place about the 25th day of June. 1913, and on the following day Mr. Sinclair paid the money, and he says he gave it voluntarily and freely

MPULSION UNDOUBTEDLY EXISTED, TAKING ITS RISE to Teed about the matter, told him what Berry had said about the proposed contributions to a party fund from the lumbermen, asked him to take care of said fund, and Teed consented to do so. Mr. Flemming also says in this connection he did not know or have any hint, knowledge, or information that the amount of the bonus, asked for a campaign fund of fifteeen dollars a nection he did not know or have any hint, knowledge, or information that the amount of the bonus, asked for a campaign fund of fifteeen dollars a nection he did not know or have any hint, knowledge, or information that the amount of the bonus, asked for a campaign fund of fifteeen dollars a nection he did not know or have any hint, knowledge, or information that the matter, told him what Berry had said about the proposed contributions to a party fund from the lumbermen, asked him to take care of said fund, and Teed consented to do so. Mr. Flemming also says in this connection he did not know or have any hint, knowledge, or information that the amount of the bonus, asked for a campaign fund of fifteeen dollars a nile, saying that the three three were contributions were to be other than absolutely voluntary.

"On the same day Mr. Berry met Mr. James Robinson at the Miramichi Hotel in Newcastle, and after explaining about the classification of the lone in Newcastle, and after explaining about the classification of the lone in Newcastle, and after explaining about the classification of the lone in Newcastle, and after explaining about the classification of the lone in Newcastle, and after explaining about the classification of the bonus, asked for a campaign fund of fifteeen dollars a nile, saying the amount of the bonus, asked for a campaign fund of fifteeen dollars a nile, saying the amount of the bonus, asked for a like contribution on the license held in Newcastle, and after explaining about the classification of the bonus, asked for a like contribution on the license held in Newcastle, and after explai

Brankley Says Premier Flemming Instructed Berry-But Where Did the Province Come in?

E. S. Carter, who a few days ago made serious charge respecting the diversion Dalhousie Lumber Company, as part of nged by W. H. Berry, superintendent graph that J. W. Brankley, manager of the Miramichi Lumber Co., of Chatham. was in the city on Thursday for the purpose of meeting W. H. Berry by apsintment in order to discuss the mat-

Mr. Brankley made the somewhat serious statement to Mr. Carter that Berry was acting under instructions of Premier Flemming, then minister of lands and mines, and that the amount \$2,903.32 was paid over to him or the Miramichi Lumber Co., he was not sure which, upon Flemming's instructions.
The reason he gave for this diversion of ch a large sum of money which should have been paid over to the crown land department and credited to the revenues department and credited to the revenues of the province, was that two years be-fore, when Mr. Rundle was manager of the Miramichi Company, the crown land department made them pay \$5,000 double tumpage for cutting under size, as was lleged by Berry, who was superintend-nt of scalers: Flemming, he said, when became surveyor-general, promised to ake the amount good and this is the ay he obtained part of the rebate.

He would not say from what source the second of the \$5.000, but

agree with Mr. Berry's version.

Mr. Brankley did not attempt to explain why after getting a check for \$2,903.32 from the Dalhousie Lumber Co. Mr. Berry not only did not report partment but sent out from that office ple reducing their account so that it

PLANS NOISELESS CARS FOR NIGHT TRAVELERS. Railroad Superintendent Promis

prove so popular that it will doubtless be adopted by other lines, is the first move of J. E. Taussig, now general superintendent of the Texas & Pacific

railroad.

Mr. Taussig seeks to accomplish the moiseless Pullman." As Mr. Taussig, who has been in New Orleans for the past few days, puts it, the Pullman is that section of the train where in the dark o' night Morpheus should reign supreme and all rebellious noises directed at his estate be summarily suppressed. senger trains to show the proper loyalty to sleep, so that Pullman travelers may derive the full benefits of the sandman's

his sleep might take on the cruel night-mare phase, and in coming round he'd just as likely as not fancy the roar of European war in his ears, or if his final nighteap had been overcharged a bit see a thousand hissing serpents about his

"That's to be eliminated—the hissing and spluttering of engines near sleeper—and another phase of nocturnal disturbance which is to be relegated to the junk heap of useless things is the shout ling back and forth in the yards that train crews seem to think a part of their business. No more shouting goes; modulated voice will do just as well at the same time prove more condu to the restful sleep of our patrons.

The third and most important bug that Mr. Taussig has on his list for

tain decapitation is useless talk by rods beneath the cars.

contributions were paid optional and voluntary. HAD TO PAY.

**EXTOR** 

"Mr. James A. Run -in Division B. This pay fifteen dollars a mi the government, and paid the money, amou June, 1913, and says he "The evidence give

sations with Berry the eventually at the Barke rate per mile had been was a good time to st fifteen dollars addition it over with his firm. the money was paid to but he says he had no classification of his lan

"The sums paid by pany and other compan with or through Mr. Be ther reference to them

paid until the fourth de ment had been progres Jones, manager of the by Mr. E. R. Teed. body else had paid it, quest, the company wo amount he would elimin thing was being dema the matter was with M made in connection wit to a campaign fund, the tion, and that they fel rest. The money was IT WAS CLEAR EXT

"Having in view conclusion that seems LY EXTORTED. U for any of the license he the proposition was maderaised. The fact is the Grown Land official to all the lands was entry man Berry would prevators of them and the any of them and the official in the Crown La each license holder show

each license holder shot seem of less moment w the money. It was the gave weight, if not me so few out of all appro "All the above in specially referred to ab-classifying the lands as licenting."

"GROSS IN THE EX At the time these fixing the bonus and would cover the full p IS DIFFICULT TO OR BI AMEWORTH MENT INTERESTE QUEST AT SUCH A

est against such req might easily express amount then demande his licenses be renewed were in issue. By the ways be depreciated. above detailed, IS, IN CULPABLE IN THE heir timber licenses whom it is unsafe to the contributors.

"Coming now to tion remains: Was th

Berry, directed by H man other than Hon. man other than Flon.
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